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## BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

AUG 14 2014

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CORP COMMISSION  
DOCKET CONTROL

## COMMISSIONERS

BOB STUMP, Chairman

GARY PIERCE

BRENDA BURNS

BOB BURNS

SUSAN BITTER SMITH

DOCKETED BY

IN THE MATTER OF THE APPLICATION  
OF NAVOPACHE ELECTRIC  
COOPERATIVE, INC., FOR A  
DETERMINATION OF THE FAIR VALUE  
OF ITS PROPERTY FOR RATEMAKING  
PURPOSES, TO FIX A JUST AND  
REASONABLE RATE OF RETURN  
THEREON, TO APPROVE RATES  
DESIGNED TO DEVELOP SUCH RETURN,  
AND FOR RELATED APPROVALS.

DOCKET NO. E-01787A-14-0302

REQUEST FOR DOCKET NUMBER AND  
NOTICE OF FILING PROPOSED FORM OF  
CUSTOMER NOTICE

On July 9, 2014, Navopache Electric Cooperative, Inc. ("NEC" or the "Cooperative") hand-delivered to Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission") a Request for Pre-Filing Eligibility Review ("Request") pursuant to Arizona Administrative Code ("A.A.C.") R14-2-107(C)(2). The Request contained two hard copies and two electronic copies (with formulae intact) of NEC's draft application for a rate increase pursuant to A.R.S. § 40-250 and A.A.C. R14-2-107 including, as attachments: (1) the information requested in A.A.C. R14-2-107(E); (2) a proposed form of customer notice ("Customer Notice") in accordance with A.A.C. R14-2-107(D); (3) a proposed form of recommended order; (4) NEC's proposed standard offer tariffs incorporating the requested revisions to rates; and (5) work papers supporting the schedules required pursuant to A.A.C. R14-2-107(E)(5). NEC also provided the same information via electronic mail to Staff.

On August 14, 2014, representatives of NEC met Staff in accordance with A.A.C. R14-2-107(C)(3) to discuss the Cooperative's eligibility under A.A.C. R14-2-107(B) and Staff's comments regarding the Customer Notice previously submitted. NEC incorporated and/or addressed

1 Staff's comments regarding the Customer Notice and Staff approved the Customer Notice attached  
2 hereto as Attachment 1. The Cooperative intends to mail the Customer Notice to its customers on or  
3 about August 21, 1014.

4 Pursuant to A.A.C. R14-2-107(C)(4), NEC hereby requests that the Commission  
5 establish a docket number for the above-captioned proceeding.

6 RESPECTFULLY SUBMITTED this 14<sup>th</sup> day of August, 2014.

7 CURTIS, GOODWIN, SULLIVAN,  
8 UDALL & SCHWAB, P.L.C.

9  
10 By: 

11 Michael A. Curtis  
12 William P. Sullivan  
13 501 East Thomas Road  
14 Phoenix, Arizona 85012-3205  
15 Attorneys for Navopache Electric Cooperative,  
16 Inc.

17 ORIGINAL and 13 copies filed  
18 this 14<sup>th</sup> day of August, 2014, with:

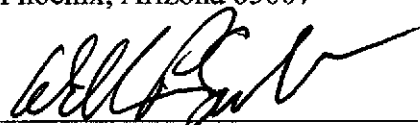
19 Docket Control  
20 ARIZONA CORPORATION COMMISSION  
21 1200 West Washington  
22 Phoenix, Arizona 85007

23 COPY of the foregoing hand-delivered  
24 this 14<sup>th</sup> day of August, 2014, to:

25 Ms. Lyn A. Farmer, Esq.  
Chief Administrative Law Judge  
Hearing Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

1 Mr. Steven M. Olea  
2 Director, Utilities Division  
3 ARIZONA CORPORATION COMMISSION  
4 1200 West Washington Street  
5 Phoenix, Arizona 85007

6 Ms. Janice M. Alward, Esq.  
7 Chief Counsel, Legal Division  
8 ARIZONA CORPORATION COMMISSION  
9 1200 West Washington Street  
10 Phoenix, Arizona 85007

11   
12 \_\_\_\_\_

**ATTACHMENT 1**

**CUSTOMER NOTICE  
AS APPROVED BY COMMISSION STAFF**

## **IMPORTANT RATE INCREASE NOTICE – PLEASE READ**

Navopache Electric Cooperative ("NEC" or "Cooperative") has notified the Arizona Corporation Commission ("Commission") that it intends to file a streamlined application ("Streamlined Application") no later than September 15, 2014, to increase its rates and charges pursuant to A.R.S. § 40-250 and A.A.C. R14-2-107 ("Rule 107"), the Commission's rule authorizing the filing of streamlined rate applications for electric and natural gas cooperatives. NEC is requesting an overall system-wide rate increase of \$1,908,652 or 4% over actual test year total system-wide base revenue, which is less than the 6% overall increase in base revenues (\$2,863,210) allowed under Rule 107. NEC states that the rate increase is necessary to recover increased operating costs in the following categories: purchased power, operation and maintenance, customer service/administration, depreciation and amortization, taxes, interest and payroll. NEC further states that the rate increase will allow NEC to maintain the financial integrity of the Cooperative. The last general rate increase for NEC was effective August 1, 2012, based on data from mostly 2009.

The proposed increase by customer class is reflected in the tables below.

100% of the Residential/Small Commercial customer increase will be in the monthly customer charge. A decrease in usage by a residential or small commercial customer will *not* lessen the increase from this rate proposal.

### **Residential and Small Commercial**

	<b>Increase per Mo.</b>		<b>Increase per Mo.</b>
Residential Service	\$2.67*	Small Commercial	\$2.23
Residential TOU 6 Month	\$2.67	Small Commercial TOU 6 Month	\$2.23
Residential TOU 12 Month	\$2.67	Small Commercial TOU 12 Month	\$2.23

\*The residential rate increase in the table above represents the overall 4% rate increase NEC has proposed and reflects the amount the monthly bill will increase for average usage (443 kWh/month) and median usage (349 kWh/month). If a 6% rate increase had been requested for total base revenue and for the residential class, the monthly bill impact for a residential customer with average usage of 443 kWh would have been \$3.36 and for a residential customer with median usage of 349 kWh would have been \$2.81.

### **All Other Customer Classifications**

	<b>\$ Increase in Mo. Service Charge</b>	<b>\$ Increase in per kW Billing Demand Charge</b>	<b>\$ Increase in per kWh Energy Charge</b>
Commercial and Industrial	\$4.00 Secondary \$8.00 Primary	\$0.25	\$0.00385 first 300 kWh/kW \$0.00144 over 300 kWh/kW
Commercial and Industrial TOU	\$5.00 Secondary \$8.00 Primary	\$0.25 \$0.00 On Peak	\$0.00127
Irrigation and Water Pumping	\$2.23	\$0.24	\$0.00428
Irrigation and Water Pumping TOU	\$2.23	\$0.25 \$0.43 On-Peak	\$0.00191
Security Lights Pole Charge	\$0.17	\$0.00	Various**

\*\*A listing of the proposed per kWh increases for security lights and street lights can be found in the complete streamlined application.

### **Processing the Streamlined Application**

Rule 107 provides streamlined procedures that should reduce rate case expense for processing rate applications of electric and natural gas cooperatives where (i) the requested increase in total base revenue does not exceed 6% of the actual test year total base revenue; (ii) the change in base revenue generated by any one rate class is no greater than 150% of the overall base revenue increase; (iii) there is no change greater than 25% in the customer charge within a rate schedule for residential customers; and (iv) there is no change in the rate blocks or the percentage relationship of the prices among rate blocks. The rule requires that not sooner than 20 days or later than 50 days after providing this notice to customers, NEC may file its Streamlined Application to increase rates. Streamlined refers to the fact that such an application will be processed under a shorter time-frame than a rate increase application filed pursuant to A.A.C. R14-2-103 ("Rule 103") and, therefore, receive a less comprehensive

(possibly less costly) review/analysis by Commission Staff than a Rule 103 review/analysis. NEC's Streamlined Application may be approved without a formal evidentiary hearing. However, the Commission may at any time - at the request of Staff, an Intervenor, or on its own - require NEC's rate increase application to be processed pursuant to the more comprehensive Rule 103 requirements. You can view the entire Rule 103 and 107 at [http://www.azsos.gov/public\\_services/Title\\_14/14-02.htm#ARTICLE\\_1](http://www.azsos.gov/public_services/Title_14/14-02.htm#ARTICLE_1).

#### **Public Comment and Intervention**

A person desiring to object to the Streamlined Application or to request intervention in the rate case shall file the objection or the intervention request not later than the date specified below. Within 14 days after the deadline for objections and intervention requests, the Commission's Utilities Division Staff must determine the eligibility and sufficiency of the Streamlined Application under Rule 107.

Written public comments regarding NEC's Streamlined Application, including objections to it being processed pursuant to the alternative Rule 107 streamlined requirements, may be submitted by mailing a letter referencing Docket No. E-01787A-14-\_\_\_\_\_ to the Commission's Consumer Services Section at 1200 W. Washington, Phoenix, Arizona 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to: <http://www.azcc.gov/Divisions/Utilities/forms/PublicCommentForm1.pdf>.

Requests to intervene may be filed in Docket No. E-01787A-14-\_\_\_\_\_ by any person entitled by law to intervene or who is directly and substantially affected by the proceeding. If you require assistance, either to provide public comment or to seek intervention, you may contact the Commission's Consumer Services Section at 602-542-4251 or 1-800-222-7000, or you may contact NEC during normal business hours at 928-368-5118 or 800-543-6324. All motions to intervene and all objections to the Application must be filed on or before September 24, 2014.

**The Rule 107 streamlined rate process is available to NEC only if the Commission receives objections from less than 1,000 NEC customers by September 24, 2014. If the Commission receives objections from at least 1,000 NEC customers by September 24, 2014, NEC will not be eligible to use the Rule 107 streamlined process, but will instead need to use the Rule 103 rate increase application process which would involve a formal evidentiary hearing and a more comprehensive review/analysis by Commission Staff.**

#### **How You Can View or Obtain a Copy of the Application and Other Filed Documents**

A copy of the Streamlined Application is available for public inspection during regular business hours on NEC's website at [www.navopache.org](http://www.navopache.org); and NEC's main office located at 1878 W. White Mountain Blvd., Lakeside, Arizona 85929. After September 15, 2014, a copy of the Streamlined Application will also be available for public inspection during regular business hours at the Commission's Docket Control Center at 1200 W. Washington Street, Phoenix, Arizona, 85007, in the Commission's Tucson Office at 400 W. Congress, Tucson, Arizona, 85701 and on the Internet via the Commission's website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function.

#### **NEC Contact Information**

Navopache Electric Cooperative, Inc., 1878 W. White Mountain Blvd., Lakeside, Arizona 85929  
Phone: (928) 368-5118 or 1-800-543-6324

#### **ADA/Equal Access Information**

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, e-mail [SABernal@azcc.gov](mailto:SABernal@azcc.gov), voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.